

AMENDED IN SENATE AUGUST 21, 2012  
AMENDED IN ASSEMBLY MAY 25, 2012  
AMENDED IN ASSEMBLY FEBRUARY 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1501**

**Introduced by Assembly Member John A. Pérez**

**(Coauthors: Assembly Members Alejo, Allen, Ammiano, Atkins, Beall, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Butler, Charles Calderon, Campos, Carter, Cedillo, Chesbro, Davis, Dickinson, Eng, Feuer, *Fletcher*, Fuentes, Furutani, Fong, Galgiani, Gatto, Gordon, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Lara, Bonnie Lowenthal, Ma, Mitchell, Monning, Pan, Perea, V. Manuel Pérez, Portantino, Skinner, Solorio, Swanson, Torres, Wieckowski, Williams, and Yamada)**

**(Coauthors: Senators Alquist, Corbett, ~~De Leon~~, *De León*, DeSaulnier, Evans, Hancock, Lowenthal, Pavley, Price, and Yee)**

January 10, 2012

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An act to add Article 22 (commencing with Section 70020) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1501, as amended, John A. Pérez. Student financial aid: Middle Class Scholarship Program.

(1) Existing law provides for a public postsecondary education system in this state. This system consists of the University of California, the

California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions.

This bill would establish the Middle Class Scholarship Program under the administration of the Student Aid Commission. The bill would provide that, commencing with the 2012–13 academic year, undergraduate students enrolled at the University of California or the California State University would receive a scholarship award that, combined with other *publicly funded student* financial aid, *as defined*, received by an eligible student, would be at least  $\frac{2}{3}$  of the amount charged that student for mandatory systemwide fees in that academic year if the student meets the following conditions: annual household income does not exceed \$150,000; is a resident of this state or exempt from paying nonresident tuition; files specified financial aid forms; and makes timely application or applications for publicly funded student financial aid, as defined, for which he or she is eligible.

The bill would provide that a student whose annual household income exceeds \$150,000, but does not exceed \$160,000, and who otherwise meets the requirements, would receive a scholarship that is reduced by 10% for each \$1,000 by which his or her annual household income exceeds \$150,000.

The bill would require, in order for students enrolled in their respective segments to remain eligible to receive financial aid under the bill, the University of California and the California State University to maintain their respective institutional ~~student financial aid~~ *need-based grant* programs at a level that, at a minimum, is equivalent to the level maintained during the 2011–12 academic year.

The bill would continuously appropriate from the Middle Class Scholarship Fund to the Student Aid Commission *as follows: first, \$150,000,000 to the Chancellor of the California Community Colleges for allocation to community college districts based on calculations of full-time equivalent students, to be expended, after consultation with student representatives as specified, for the provision of scholarship grants to students to reduce the impact of enrollment fees or to help cover the cost of textbooks and other educational expenses; and an amount determined by the Student Aid Commission to be sufficient, when combined with publicly funded student financial aid received by eligible students from other sources, to cover the cost of at least  $\frac{2}{3}$  of the amount of mandatory systemwide fees charged to resident students*

and students who are exempt from nonresident tuition in the 2012–13 academic year and subsequent academic years. ~~These funds would, to be allocated to the Regents of the University of California and the Trustees of California State University for implementation of this bill.~~

The bill would authorize the Student Aid Commission, in the event that, in any academic year, there are funds remaining in the Middle Class Scholarship Fund after funds have been allocated to all eligible students of the respective universities, *to hold these funds in a reserve for fiscal uncertainties and to expend these remaining funds for purposes of the Ortiz-Pacheco-Poochigian-Vaseoncellos-Cal Grant Program the funds held in reserve under this provision for adjustments the commission deems necessary in administering the programs under its jurisdiction.*

~~The bill would appropriate \$150,000,000 from the Middle Class Scholarship Fund to the Chancellor of the California Community Colleges for allocation to community college districts based on calculations of full-time equivalent students. The funds allocated to a community college district pursuant to this provision would be expended for the provision of scholarship grants to students to reduce the impact of enrollment fees on, or to help cover the cost of textbooks and other educational expenses.~~

(2) This bill would become operative only if AB 1500 of the 2011–12 Regular Session is chaptered and establishes a Middle Class Scholarship Fund.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 22 (commencing with Section 70020) is  
2 added to Chapter 2 of Part 42 of Division 5 of Title 3 of the  
3 Education Code, to read:

4

5 Article 22. Middle Class Scholarship Program

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7 70020. The Middle Class Scholarship Program is hereby  
8 established under the administration of the Student Aid

1 Commission. *For purposes of this article, “commission” means*  
2 *the Student Aid Commission.*

3 70021. (a) (1) Commencing with the 2012–13 academic year,  
4 an undergraduate student enrolled in the California State University  
5 or the University of California who meets the requirements of  
6 paragraph (2) is eligible for a grant award as described in paragraph  
7 (2).

8 (2) Each academic year, a student shall receive a scholarship  
9 grant in an amount that, combined with other *publicly funded*  
10 *student* financial aid received by an eligible student, is at least  
11 two-thirds of the amount charged that student in that academic  
12 year for mandatory systemwide fees, if all of the following  
13 requirements are met:

14 (A) The student’s annual household income does not exceed  
15 one hundred fifty thousand dollars (\$150,000), except as provided  
16 in paragraph (3). For purposes of this article, annual household  
17 income shall be calculated in a manner that is consistent with the  
18 requirements applicable to the  
19 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
20 (Chapter 1.7 (commencing with Section 69430)) and Section  
21 69506.

22 (B) The student is either a resident of the state or is exempt from  
23 paying nonresident tuition.

24 (C) The student completes and submits a Free Application for  
25 Federal Student Aid (FAFSA) application. If the student is not  
26 able to complete a FAFSA application, the student submits an  
27 application determined by the university he or she attends to be  
28 equivalent to the FAFSA application for purposes of this article.

29 (D) The student makes a timely application or applications for  
30 publicly funded student financial aid from programs for which he  
31 or she is eligible, other than the program established by this article.  
32 For purposes of this ~~subparagraph~~ *article*, “publicly funded student  
33 financial aid” ~~includes federal, institutional, and state student~~  
34 ~~financial aid programs~~ *shall be defined as the federal Pell Grant*  
35 *Program, the Cal Grant Program, and institutional need-based*  
36 *grants.*

37 (3) The scholarship award under this article of a student whose  
38 annual household income is greater than one hundred fifty thousand  
39 dollars (\$150,000), but does not exceed one hundred sixty thousand  
40 dollars (\$160,000), and who otherwise meets the requirements of

1 paragraph (2), shall be reduced by 10 percent for each one thousand  
2 dollars (\$1,000) that the student's annual household income  
3 exceeds one hundred fifty thousand dollars (\$150,000).

4 (b) In order for students enrolled in their respective segments  
5 to remain eligible to receive ~~financial aid~~ *a scholarship* under this  
6 article, the University of California and the California State  
7 University shall maintain their respective institutional-~~student~~  
8 ~~financial aid~~ *need-based grant* programs at a level that, at a  
9 minimum, is equivalent to the level maintained during the 2011-12  
10 academic year.

11 (c) The University of California and the California State  
12 University shall report on the implementation of this article as part  
13 of the report made pursuant to Section 66021.1. The California  
14 Community Colleges shall report on the implementation of this  
15 article, including, but not necessarily limited to, the allocation and  
16 use of funds by community college districts, as part of the annual  
17 report made pursuant to paragraph (2) of subdivision (b) of Section  
18 70901.

19 70022. It is the intent of the Legislature that all of the following  
20 occur:

21 (a) The program created pursuant to this article shall augment,  
22 and not replace, other state-supported financial aid and institutional  
23 ~~aid~~ *need-based grant* programs and federal grants.

24 (b) That the ~~amount of the student financial aid~~ *scholarship*  
25 provided to students under this article be increased to accommodate  
26 increases in the cost of mandatory systemwide fees charged to  
27 students of the University of California and the California State  
28 University, respectively, that may occur during and after the  
29 2011-12 academic year.

30 (c) That the University of California and the California State  
31 University do not raise mandatory systemwide fees that would  
32 decrease the value of a scholarship award under this article.

33 (d) *That the costs of Middle Class Scholarship Program do not*  
34 *exceed the funding available in the Middle Class Scholarship Fund*  
35 *and that a prudent fund balance exists to protect against fiscal*  
36 *uncertainties.*

37 70023. (a) The following amount is hereby appropriated:

38 ~~(a) (1) Notwithstanding—(1) Each academic year, from the~~  
39 *revenues in the Middle Class Scholarship Fund established by*  
40 *Section 70201, there shall first be set aside one hundred fifty*

1 million dollars (\$150,000,000), transferred to the Chancellor of  
2 the California Community Colleges for allocation, for that  
3 academic year, to community college districts based on  
4 calculations of full-time equivalent students. Funds annually  
5 allocated to a community college district pursuant to this  
6 paragraph shall be expended, after the district has consulted with  
7 the recognized campus and district student representatives in the  
8 determination of how the funds are to be expended, for the  
9 provision of grants to students to reduce the impact of enrollment  
10 fees, or to help cover the cost of textbooks and other educational  
11 expenses. It is the intent of the Legislature that the funds provided  
12 under this paragraph meet the specific needs of students at the  
13 local district level.

14 (2) Notwithstanding Section 13340 of the Government Code,  
15 each academic year, an amount determined by the ~~Student Aid~~  
16 ~~Commission~~ commission to be sufficient, when combined with  
17 ~~financial aid~~ Cal Grants, Pell Grants, and institutional need-based  
18 grants received by eligible students from other sources, to cover  
19 the cost of at least two-thirds of the amount of mandatory  
20 systemwide fees charged to resident students and students who  
21 are exempt from nonresident tuition in the 2012–13 academic year  
22 and subsequent academic years is hereby continuously appropriated  
23 from the Middle Class Scholarship Fund established by Section  
24 ~~70026 70201~~ to the ~~Student Aid Commission~~ commission for  
25 allocation to the Regents of the University of California and the  
26 Trustees of the California State University for implementation of  
27 this article. The University of California and the California State  
28 University shall provide the ~~Student Aid Commission~~ commission  
29 with any information that is necessary for the determination of this  
30 amount.

31 ~~(2)~~

32 (b) In the event that, in any academic year, there are funds  
33 remaining in the Middle Class Scholarship Fund after funds have  
34 been allocated to all eligible students of the respective universities  
35 pursuant to paragraphs (1) and (2) of subdivision (a), the ~~Student~~  
36 ~~Aid Commission~~ is authorized to expend these remaining funds  
37 for purposes of the ~~Ortiz-Pacheco-Poochigian-Vaseconcellos Cal~~  
38 ~~Grant Program (Chapter 1.7 (commencing with Section 69430))~~  
39 commission shall hold these funds in reserve for fiscal  
40 uncertainties. The commission may expend the funds held in reserve

1 *under this subdivision for adjustments the commission deems*  
2 *necessary in administering the programs under its jurisdiction in*  
3 *the current academic year or in subsequent academic years.*

4 ~~(b) One hundred fifty million dollars (\$150,000,000) from the~~  
5 ~~Middle Class Scholarship Fund established by Section 70026 to~~  
6 ~~the Chancellor of the California Community Colleges for allocation~~  
7 ~~to community college districts based on calculations of full-time~~  
8 ~~equivalent students. Funds allocated to a community college district~~  
9 ~~pursuant to this subdivision shall be expended for the provision~~  
10 ~~of grants to students to reduce the impact of enrollment fees, or to~~  
11 ~~help cover the cost of textbooks and other educational expenses.~~

12 SEC. 2. This act shall become operative only if Assembly Bill  
13 1500 of the 2011–12 Regular Session is chaptered and establishes  
14 a Middle Class Scholarship Fund.

15 SEC. 3. This act is an urgency statute necessary for the  
16 immediate preservation of the public peace, health, or safety within  
17 the meaning of Article IV of the Constitution and shall go into  
18 immediate effect. The facts constituting the necessity are:

19 In order to provide urgently needed financial aid to California  
20 public postsecondary students in time for the beginning of the  
21 2012–13 academic year, it is necessary that this act take effect  
22 immediately.